

Reliance Textile Industries Limited

Annual Report 1982

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LETTER TO SHAREHOLDERS

As you all know, 1982 was a very difficult year for the Textile Industry and Trade in general, but you might be happy to note that your Company was able in the face of various constraints to push up its sales by 34.4 percent to Rs. 4063 (\$ 417.27) million from Rs. 3017 (\$ 309.85) million in the preceding year, and its gross profit by 41.2 percent to Rs. 433.34 (\$ 44.50) million from Rs. 306.73 (\$ 31.50) million in 1981. The Company had no tax liability for 1982. The net earning per equity share comes to Rs. 15.7 (\$ 1.61) against Rs. 11.8 (\$ 1.21) for the previous year. The gross block of the Company rose from Rs. 1334.62 (\$ 137.06) million to Rs. 3567.08 (\$ 366.34) million inclusive of capitalisation of interest amounting to Rs. 900.80 (\$ 92.51) million. The reserves and surplus moved up to Rs. 671 (\$ 68.91) million from Rs. 401 (\$ 41.18) million. Such pleasing results, may I add, were possible because of the Company's advanced technology, marketing strategy, its wide range of products and the ever increasing consumer preference for these products.

BONUS & DIVIDEND

You might be aware that your Directors were contemplating a bonus issue last year itself. However, in view of the sudden change in bonus guidelines, which widened the period between two successive bonus issues, the directors declared last year an extra dividend of 10 percent, in addition to the basic equity dividend of 25 percent for 1981.

In view of good performance by the Company in 1982, your directors have proposed to step up the basic equity dividend to 30 percent from 25 percent and have also proposed, subject to usual approvals, another liberal bonus issue in the proportion of six for every ten equity shares as before.

The benefit of this bonus issue will also be available to those who are holding debentures of series IV. The holder of five such debentures will now be entitled to get eight shares in place of five shares on partial conversion in September 1983.

The holder of debenture series IV will thus get an appreciation of over 350 percent in just 16 months on his initial investment of Rs. 125 (\$ 12.84) per debenture.

PROGRAMMES AND PROGRESS

The Polyester Yarn Project at Patalganga which was completed in a record time of 15 months from the date of issue of Industrial Licence was commissioned on November 1, 1982. This plant which, as you know, has been set up with the collaboration of Du Pont, which is the world leader in the technology for the manufacture of polyester filament yarn and staple fibre. This plant achieved full capacity within 96 hours of its commissioning and has been behaving exceedingly well since then, producing polyester yarn of the international quality. The Company has so far been dependent on imports of such yarn. It will now be self-reliant in this respect and will also meet to some extent the requirements of other consumers saving considerable amount of foreign exchange for the country. This project will significantly improve the Company's profitability as well.

You will notice from the Directors' Report that the Company had completed its modernisation programme at Naroda (Ahmedabad) in March 1983. It is in the process of installing additional power generating capacity to raise the captive power generation to 67 percent of the requirement from 25 percent at present. The Company intends raising its captive power generation to a still higher level in course of time. This will enable the Company to meet any power crisis.

RISING RESERVES

The Company has invested about

Rs. 1330 (\$ 136.59) million during 1982. The benefits of these programmes will be reflected in the current year's results. This will further strengthen the financial position of the Company. As a result of the proposed bonus issue and the forthcoming conversion of Debenture series IV, the Company's equity paid up capital is expected to be around Rs. 360 (\$ 36.97) million, while the reserves even after capitalisation of Rs. 111.60 (\$ 11.46) million for the proposed bonus are expected to rise to about Rs. 900 (\$ 92.43) million by the end of the current year as against Rs. 670 (\$ 68.81) million at the beginning of the year.

FUTURE PLANS

Apart from some expansion and diversification proposals pending with Government, the Company has also applied for the manufacture of 20,000 tonnes of Acrylic Fibre per annum. You might be aware that this fibre is a synthetic substitute for natural wool and its

consumption in the production of warm clothing, hosiery and blankets is growing rapidly. This fibre has considerable future in India.

Despite substantial borrowings in absolute terms, in view of the rapidly increasing volume of Company's business, supported by acquisition of productive assets, the financial position of the Company, I should stress, is extremely healthy. If you look at the figures in the balance sheet in your hands, you will find that the debt equity ratio is only around 1.8:1 as against the permissible norm of 2:1. The performance in the current year emboldens me to visualize that this ratio will come down further to about 1.2:1 by the end of this year.

If you will recall, the total investment made by the company between 1966 and 1981, amounted to Rs. 1330 (\$ 136.59) million, while in 1982 alone it invested about Rs. 1330 (\$ 136.59) million, taking the total investment into gross block to about Rs. 2660 (\$ 273.18) million. Now, within a short period of next two years we have the potentiality to take up a massive investment programme on receiving the Government approvals. This will make the Company a multi product and well diversified Company resulting in a complete change in the face of the Company and imparting a future improvement to the net worth of equity.

May I add that while finalising investment proposals, the Company will always keep its investors' best interest in mind as in the past.

PROMISING OUTLOOK

The Company has started the current year on a promising note. Its turnover for the first five months of 1983 has amounted to Rs. 1820 (\$ 186.91) million, against Rs. 1500 (\$ 154.05) million for the same period of the preceding year. The past experience in this regard shows that the increase in our turnover in the second half of the year is much higher due to seasonal factors than in the first half of the year. Barring unforeseen circumstances, the management hopes to complete the current year with some new records. As the Company is now selling not only POY Yarn but more and more of value added yarns, it expects further improvement in profitability this year. You will be pleased to know that your Company does not expect any tax liability also in the current year. On the whole, I visualise bright future for synthetic textiles and for yarn of the types produced by our Company.

ACKNOWLEDGEMENT

Before I conclude, I would like to thank all my colleagues on the board for their continued and sincere cooperation in steering the affairs of the Company. I would also like to take note of the sincere and hard work put in by the Company's executives, technicians and all other employees, making it possible for the Company to produce such pleasing results. Also I would like to thank the financial institutions and banks who have always been helpful to the Company and to the Company's shareholders, debentureholders, depositors as well as non-resident investors for their confidence in the Company and its management.

Furthermore, I would like to assure you once again that the management will do its best to take the Company to new heights in the coming years and will always have your interest uppermost in its mind.

Bombay
20th June, 1983

DHIRUBHAI H. AMBANI
CHAIRMAN

BOARD OF DIRECTORS

DHIRUBHAI H. AMBANI (*Chairman & Managing Director*)

RAMNIKLAL H. AMBANI (*Joint Managing Director*)

K. GOPAL RAO

JAYANTILAL R. SHAH

MANSINGH L. BHAKTA

K. SANTHAPPA SHENOY (*Nominee Director-GIC.*)

ARJAN J. ADVANI (*Nominee Director-I.C.I.C.I*)

T. RAMESH U. PAI

NATVARLAL H. AMBANI (*Executive Director*)

RAMANLAL C. PATEL (*Executive Director*)

RASIKLAL L. MESWANI (*Executive Director*)

MUKESH D. AMBANI (*Executive Director*)

SECRETARY

VINOD M. AMBANI

SOLICITORS & ADVOCATES

KANGA & CO.

DAVE & Co.

AUDITORS

RAJENDRA & CO,

CHATURVEDI & SHAH

BANKERS

SYNDICATE BANK

STATE BANK OF INDIA

CANARA BANK

BANK OF BARODA

INDIAN BANK

GRINDLAYS BANK P.L.C

REGISTERED OFFICE

3RD FLOOR, MAKER CHAMBER IV

222, NARIMAN POINT BOMBAY 400 021

REGISTRARS & TRANSFER AGENTS

RELIANCE CONSULTANCY SERVICES LIMITED

56, MOGRA VILLAGE LANE, OFF OLD NAGARDAS ROAD

ANDHERI (EAST), BOMBAY-400 069

PLANTS

1. POLYESTER YARN UNIT

PATALGANGA, OFF BOMBAY-PUNE ROAD,

NEAR PANVEL, DIST. RAIGAD, MAHARASHTRA

2. NARODA UNIT

103/106, NARODA INDUSTRIAL ESTATE,

NARODA, AHMEDABAD

3. SIDHPUR UNIT

SIDHPUR, MEHSANA DIST NORTH GUJARAT

FINANCIAL HIGHLIGHTS

(In million)

		1982	
		Rs.	\$
Sales		4063.31	417.31
Other income		25.15	2.58
Profit on sale and/or discard of assets (Net)		—	—
	(A)	4088.46	419.89
Manufacturing Expenses		3465.82	355.94
loss on sale and/or discard of assets (Net)		—	—
Interest		189.30	19.44
	(B)	3655.12	375.38
Gross Profit (A-B)	(C)	433.34	44.51
Depreciation		141.69	14.55
Provision for Taxation		—	—
	(D)	141.69	14.55
Net Profit (C-D)	(E)	291.65	29.96

WHAT THE COMPANY OWNED

Fixed Assets			
Gross Block		3567.08	366.34
Less: Depreciation (cumulative)		421.00	43.24
Net Block		3146.08	323.10
Investments		1.21	0.12
Current Assets		1915.33	196.70
		5062.62	519.92

WHAT THE COMPANY OWED

Long Term Funds		2605.98	267.63
Medium/Short Term Funds		228.53	23.47
Current liabilities & Provisions		1312.76	134.82
		4147.27	425.92

NET WORTH OF THE COMPANY

Equity Share Capital		185.95	19.09
Preference Share Capital		58.00	5.96
Reserves & Surplus		671.40	68.95
		915.35	94.00

Reliance
Textile Industries
Limited

(in million)							
1981		1980		1979		1977-78 (15 months)	
Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
3016.57	309.80	2076.75	213.28	1551.25	159.31	1201.09	123.35
36.37	3.73	25.51	2.62	25.02	2.57	19.76	2.03
—	—	—	—	—	—	0.17	0.02
3052.94	313.53	2102.26	215.90	1576.27	161.88	1221.02	125.40
2578.32	264.79	1809.76	185.86	1380.02	141.73	1070.07	109.90
—	—	0.26	0.03	0.13	0.01	—	—
167.89	17.24	111.33	11.43	70.48	7.24	49.44	5.08
2746.21	282.03	1921.35	197.32	1450.63	148.98	1119.51	114.98
306.73	31.50	180.91	18.58	125.64	12.90	101.51	10.42
109.77	11.27	68.85	7.07	43.51	4.47	33.97	3.49
—	—	—	—	—	—	2.00	0.20
109.77	11.27	68.85	7.07	43.51	4.47	35.97	3.69
196.96	20.23	112.06	11.51	82.13	8.43	65.54	6.73
1334.62	137.06	749.68	76.99	479.57	49.25	309.06	31.74
279.01	28.65	170.16	17.48	102.12	10.49	58.72	6.03
1055.61	108.41	579.52	59.51	377.45	38.76	250.34	25.71
0.70	0.07	0.79	0.08	0.73	0.07	0.38	0.04
1565.49	160.78	937.63	96.29	723.52	74.31	451.96	46.41
2621.80	269.26	1517.94	155.88	1101.70	113.14	702.68	72.16
831.74	85.42	385.64	39.60	217.98	22.39	119.36	12.26
163.54	16.80	90.31	9.27	58.93	6.05	39.04	4.01
1055.53	108.40	724.07	74.36	588.44	60.43	399.84	41.06
2050.81	210.62	1200.02	123.23	865.35	88.87	558.24	57.33
166.74	17.12	120.62	12.39	75.39	7.74	59.51	6.11
3.00	0.31	3.00	0.31	3.00	0.31	3.00	0.31
401.25	41.21	194.30	19.95	157.96	16.22	81.93	8.41
570.99	58.64	317.92	32.65	236.35	24.27	144.44	14.83

DIRECTOR'S REPORT

To the Members, Your Directors have pleasure in submitting the 9th Annual Report together with the Audited Statement of Accounts for the year ended 31st December, 1982.

FINANCIAL RESULTS

(In million)

	1982		1981	
	Rs.	\$	Rs.	\$
Gross Profits	433.34	44.50	306.74	31.50
Of the above, the following provisions and/or appropriations have been made				
(a) Depreciation	141.69	14.55	109.77	11.27
(b) Investment Allowance Reserve	95.00	9.76	66.00	6.78
(c) Taxation	Nil	Nil	Nil	Nil
There remains a balance of	196.65	20.19	130.97	13.45
Adding thereto:				
Balance brought forward from previous year	--	--	0.39	0.04
Provision for taxation written back	2.00	0.21	1.50	0.15
	198.65	20.40	132.86	13.64
Less: Recommended Dividends: (Subject to deduction of tax)				
(a) On 11% Cumulative Redeemable Preference Shares	0.33	0.03	0.33	0.03
(b) On Equity Shares	52.01	5.34	47.99	4.93
Retained Profits	146.31	15.03	84.53	8.68
Less: Transferred to General Reserve	120.00	12.32	84.53	8.68
Leaving balance to be carried forward to next year's accounts	26.31	2.71	--	--

DIVIDENDS

Your Directors recommend for consideration at the Annual General Meeting declaration and payment of the following Dividends (subject to deduction of income-tax at source) on:

	Rs.	(In million) \$
Preference Shares		
On 30,000 11% Cumulative Redeemable Preference Shares of Rs. 100(\$ 10.27) each fully paid-up at the rate of 11% per annum i.e. Rs. 11(\$ 1.13) per share	0.33	0.03
Equity Shares		
Dividend at the rate of Rs. 3 (\$ 0.31) per share for the year ended 31st December, 1982, including pro-rata Dividend on Shares allotted during the year and Dividend of Rs. 0.06 (\$ 0.01) million on 1,12,000 Equity Shares for the period from 1-7-1981 to 28-8-1981	52.01	5.34

ADDITIONAL CAPITAL

The Board of Directors allotted during the year Equity Shares detailed herein below, in terms of the permission(s) received from the Controller of Capital Issues, New Delhi and pursuant to the Resolution(s) passed at the General

Meeting(s) of the members of the Company.

- (a) 19,20,000 Equity Shares of Rs. 10(\$ 1.03) each to the Debentureholders of Debenture Series III in terms of the Prospectus dated 16th May 1981.
- (b) 815 Equity Shares of Rs. 10(\$ 1.03) each by way of Rights out of offer of 24,00,000 Equity Shares of Rs. 10 (\$ 1.03) each at a premium of Rs. 15 (\$ 1.54) per share made during 1981.
- (c) 5,50,000 13.5% Cumulative Redeemable Preference Shares of Rs. 100 (\$ 10.27) each by way of Rights.

ISSUE OF DEBENTURES

In terms of the permission received from the Controller of Capital Issues, New Delhi and pursuant to the Resolution passed at the Meeting of the Shareholders of the Company held on 23rd February 1982, 40,00,000 13.5% Convertible Secured Debentures (Series IV) of Rs. 125 (\$ 12.84) each for cash at par aggregating to a nominal value of Rs. 500(\$ 51.35) million were issued through a Letter of Offer exclusively to the Company's Shareholders/ Debentureholders, etc. for financing the modernisation and installation of balancing equipments at Naroda Unit of the Company at Ahmedabad.

The Issue was fully subscribed by over 6 lacs of investors. These Debentures are now listed with the Stock Exchanges at Bombay, Ahmedabad, Madras, Delhi, Calcutta and Bangalore.

BONUS ISSUE

With a view to improve upon the capital base of the Company and to reflect the paid-up capital in proportion to the Reserves & Surplus, your Directors recommend capitalisation of Rs. 111.6 (\$ 11.46) million by issue of six (6) Equity Shares of Rs. 10 (\$ 1.03) each as Bonus Shares for every Ten (10) Equity Shares held by the Shareholders. The requisite Resolution for the same is included in the Notice convening the Ninth Annual General Meeting. In the event of Bonus Shares being issued in the aforesaid ratio, 24,00,000 additional Equity Shares of Rs. 10 (\$ 1.03) each credited as fully paid-up would be issued to the Debentureholders of Debenture Series IV in terms of the Letter of Offer dated 10th April 1982 governing the said Debenture issue.

YEAR IN RETROSPECT

The Turnover during the year under review has crossed Rs. 4,060 (\$ 416.96) million as against Rs. 3,020 (\$ 310.15) million in the previous year registering an increase of 35%. The gross profit during the year is

Rs.433.30 (\$ 44.50) million as against Rs. 306.76 (\$ 31.50) million in the previous year registering an increase of 41%.

EXPANSION AND MODERNISATION

1. POLYESTER YARN PROJECT

The Polyester Yarn Project situated at Patalganga was completed in a record time of less than 15 months from the date of issue of Industrial Licence and started commercial production on 1st November 1982. The plant is working at its full rated capacity and has flexibility to manufacture Polyester Yarn of various deniers including a wide range of speciality yarn specially developed by E.I. DU PONT DE NEMOURS AND COMPANY, U.S.A., the Collaborators of the Company. This is the single largest Synthetic Yarn Plant in the country with the most modern technology available in the world.

This Unit is equipped with fully automatic electronically controlled Polymerisation/Spinning Plant and the various types of yarn produced in this unit are as good as the finest in the world and are wound on high productive latest high speed winding machines with speeds as high as 190 km. per hour. The yarn produced has distinct advantages to the consumer as it can run at appreciably higher speeds of 700 metres or more per minute in the texturing

process with excellent physical and chemical properties.

The yarn produced by the Company is well received by consumers of repute all over the country. The full impact of this new project will be reflected in the Accounting year 1983 onwards.

2. NARODA UNIT

At the end of the first quarter of the current year, your Company has completed the modernisation and installation of balancing equipments undertaken at Naroda, Ahmedabad. Your Company has also undertaken to install additional Diesel Generating Sets at Ahmedabad with a view to achieve continuous production at optimum level and to keep the tempo of progress envisaged while undertaking programmes of modernisation.

3. SIDHPUR UNIT

Modernisation of the Sidhpur Unit is under progress. Incidentally, your Company has issued its Equity Share Certificates of Rs. 10 (\$ 1.03) each and 10% Unsecured Bonds of Rs. 8 (\$ 0.82) each to the Shareholders of the erstwhile The Sidhpur Mills Company Limited (SMCL), in accordance with the Scheme of Amalgamation against Share Certificates of SMCL validly surrendered for cancellation. Your Company has also made full payments to unsecured creditors and workers of SMCL in accordance with

the Scheme of Amalgamation and as per the directions of Gujarat High Court.

RESEARCH AND DEVELOPMENT

The Research and Development Wing of the Company has developed different techniques of dyeing. During the year the Company has received the 4th C.D. Foundation Trust Award and a Silver Medal for progress through Research for the best technical development in chemical processing of textiles by the Company's Technologists. The indelible ink developed can withstand all wet processes resulting in savings of foreign exchange due to import substitution.

Your Company has incurred Rs. 18.63 (\$ 1.91) million towards capital expenditure during the year making the total capital expenditure to Rs. 22.32 (\$ 2.29) million so far.

A revenue expenditure of Rs. 3.09 (\$ 0.32) million has also been incurred during the year under review as against Rs 0.93 (\$ 0.10) million during the year 1981 on Research and Development. These amounts have been reflected under various headings in the Annual Accounts.

INSURANCE

All the properties and insurable interest of the Company including buildings, plant and machinery, stocks wherever necessary and to the extent required have been adequately insured.

AWARDS

During the year, your Company has received the following Awards, viz.:

- (a) 'Special Merit Award'
for recognition
of outstanding
achievements in Export
Marketing of

Synthetic Textiles from the Silk & Rayon Textile Export Promotion Council;

- (b) 3 National Awards from the President of India and First Prize from All India Master Printers' Conference in respect of Publication of Special Annual Report for the year 1981;
- (c) An award, consecutively for the 4th year from Red Cross Society, for donation of Blood by the employees of the Company.

FIXED DEPOSITS

Deposits of Rs. 1,15,000 (\$ 11,810.50) from 25 depositors which fell due for payment at the close of the financial year remained unclaimed by the depositors as on 31st December 1982 inspite of communication to the depositors for taking appropriate steps. Of these, deposits of Rs. 30,000 (\$ 3,081.00) from 3 depositors were subsequently renewed/repaid.

PERSONNEL

Information as per sub-section (2-A) of Section 217 of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the year ended 31st December 1982 is annexed.

DIRECTORS

Shri Mansingh L. Bhakta, Shri T. Ramesh U. Pai and Shri Natvarlal H. Ambani, Directors of the Company retire by rotation as required by the Companies Act 1956 and the Articles of Association of the Company and being eligible offer themselves for re-appointment.

AUDITORS

Messrs. Rajendra & Company and Messrs. Chaturvedi & Shah, statutory Auditors of your Company, hold the Office until the conclusion of the Annual General Meeting and are recommended for re-appointment. The Company has received Certificates from the above Auditors to the effect that their appointment if made would be within the prescribed limits under Section 224(1) of the Companies Act 1956. Shri Rajendra J. Shah, Proprietor of Messrs. Rajendra & Company, Chartered Accountants and a Joint Auditor of the Company is a relative of Shri Jayantilal R. Shah, a Director of the Company. Your attention is, therefore, invited to the Explanatory Statement to item No. 6 annexed to the Notice convening the 9th Annual General Meeting.

The Notes to the Accounts No. 9, 10, 13 and 14 referred

to in the Auditors' Report are self explanatory and therefore, do not call for any further comments.

COST AUDITORS

The Central Government has directed that, an audit be carried out of the Cost Accounts maintained by the Company for the year ended 31st December, 1982 relating to Cotton Textiles. Pursuant to Section 233-B of the Companies Act 1956, Shri S.M. Bavadekar, a practising Cost Accountant, was, with the approval of the Central Government, appointed as Cost Auditor to conduct cost audit.

APPRECIATION

Your Directors acknowledge with gratitude the co-operation and assistance given by the Financial Institutions, Banks, and Investors during the year under review.

Your Directors wish to place on record their sense of appreciation of the devoted services rendered by Executives, Staff and Workers of the Company for its success.

On behalf of the Board of Directors
DHIRUBHAI H. AMBANI
Chairman & Managing Director

Registered Office:
Maker Chamber IV
222, Nariman Point
BOMBAY 400 021.

Dated 12th April, 1983

BALANCE SHEET AS AT 31ST DECEMBER, 1982

(In million)

		1982				1981			
	Schedule	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
SOURCES OF FUNDS									
Shareholders' Funds									
Capital	'A'	243.95	25.05			169.74	17.43		
Share Application Monies		—	—			0.02	—		
Reserves and Surplus	'B'	<u>671.40</u>	<u>68.95</u>	915.35	94.00	<u>401.25</u>	<u>41.21</u>	571.01	58.64
Loan Funds									
Secured loans	'C'	2035.92	209.09			1490.62	153.09		
Unsecured loans	'D'	<u>228.53</u>	<u>23.47</u>	2264.45	232.56	<u>163.53</u>	<u>16.79</u>	1654.15	169.88
				3179.80	326.56			2225.16	228.52
APPLICATION OF FUNDS									
Fixed Assets									
Gross Block		3567.08	366.34			1334.62	137.06		
Less: Depreciation		<u>421.00</u>	<u>43.24</u>			<u>279.01</u>	<u>28.65</u>		
Net Block	'E'			3146.08	323.10			1055.61	108.41
Investments	'F'			1.21	0.12			0.70	0.07
Current Assets, Loans & Advances									
Current Assets	'G'								
Inventories		1059.51	108.81			827.93	85.03		
Sundry Debtors		645.93	66.34			551.53	56.64		
Cash and Bank Balances		37.74	3.88			30.25	3.11		
other Current Assets		<u>5.61</u>	<u>0.57</u>			<u>1.36</u>	<u>0.14</u>		
		1748.79	179.60			1411.07	144.92		
loans and Advances	'H'	<u>166.54</u>	<u>17.10</u>			<u>154.43</u>	<u>15.86</u>		
		1915.33	196.70			1565.50	160.78		
Less: Current liabilities & Provisions	'I'								
Liabilities		1826.40	187.57			337.77	34.69		
Provisions		<u>56.42</u>	<u>5.79</u>			<u>58.88</u>	<u>6.05</u>		
		<u>1882.82</u>	<u>193.36</u>			<u>396.65</u>	<u>40.74</u>		
				32.51	3.34			1168.85	120.04
				3179.80	326.56			2225.16	228.52
Notes and Contingent liabilities	'N'								

As per our Report of even date
For RAJENDRA & CO.
Chartered Accountants

For CHATURVEDI & SHAH
Chartered Accountants

V.M. AMBANI
Secretary

D.H. AMBANI
R.H. AMBANI

Chairman & Managing Director
Joint Managing Director

R.J. SHAH
Proprietor

D. CHATURVEDI
Partner

K. GOPAL RAO
J.R. SHAH
M.L. BHAKTA
K.S. SHENOY
A.J. ADVANI
T. RAMESH U. PAI

Directors

BOMBAY
Dated : 12th April, 1993.

N.H. AMBANI
R.L. MESWANI
M.D. AMBANI

Executive Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1982

(In million)

		1982				1981			
	Schedule	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
INCOME									
Sales (Net)		4063.32	417.31			3016.57	309.80		
Other Income	`J'	25.15	2.58			36.37	3.73		
Increase in Stocks	`K'	181.11	18.60			221.38	22.74		
				4269.58	438.49			3274.32	336.27
EXPENDITURE									
Purchases		492.98	50.63			399.18	41.00		
Manufacturing and Other Expenses	`L'	3153.96	323.91			2400.52	246.53		
Interest	`M'	189.30	19.44			167.89	17.24		
Depreciation		141.69	14.55			109.77	11.27		
				3977.93	408.53			3077.36	316.04
Profit for the year				291.65	29.96			196.96	20.23
Add: Balance as per last Balance Sheet				--	--			0.39	0.04
Provision for taxation no longer required				2.00	0.20			1.50	0.15
				293.65	30.16			198.85	20.42
APPROPRIATIONS									
Transfer to Investment Allowance Reserve		95.00	9.76			66.00	6.78		
Proposed Dividend (Subject to tax) on:									
Preference Shares		0.33	0.03			0.33	0.03		
Equity Shares		52.01	5.34			47.99	4.93		
Transfer to General Reserve		120.00	12.32	267.34	27.45	84.53	8.68	198.85	20.42
Balance carried to Balance Sheet				26.31	2.71			--	--
Notes and Contingent liabilities	`N'								

As per our Report of even date
For RAJENDRA & CO.
Chartered Accountants

R.J. SHAH
Proprietor

For CHATURVEDI & SHAH
Chartered Accountants

D. CHATURVEDI
Partner

V.M. AMBANI
Secretary

D.H. AMBANI
R.H. AMBANI

K. GOPAL RAO
J.R. SHAH
M.L. BHAKTA
K.S. SHENOY
A.J. ADVANI
T. RAMESH U. PAI

Chairman & Managing Director
Joint Managing Director

Directors

N.H. AMBANI
R.L. MESWANI
M.D. AMBANI

Executive Directors

BOMBAY
Dated : 12th April, 1993.

SCHEDULE FORMING PART OF THE BALANCE SHEET

(In million)

SCHEDULE-`A'		1982		1981	
SHARE CAPITAL		Rs.	\$	Rs.	\$
Authorised					
5,00,00,000	Equity Shares of Rs. 10 (\$ 1.03) each	500.00	51.35	190.00	19.51
30,000	11% Cumulative Redeemable Preference Shares of Rs. 100 (\$ 10.27) each	3.00	0.31	10.00	1.03
5,50,000	13.5% Cumulative Redeemable Preference Shares of Rs. 100 (\$ 10.27) each	55.00	5.65	—	—
4,20,000	Cumulative Redeemable Preference Shares of Rs. 100 (\$ 10.27) each	42.00	4.31	—	—
		600.00	61.62	200.00	20.54
Issued					
1,85,94,569	Equity Shares of Rs. 10 (\$ 1.03) each	185.95	19.09	166.74	17.12
30,000	11 % Cumulative Redeemable Preference Shares of Rs. 100 (\$ 10.27) each	3.00	0.31	3.00	0.31
5,50,000	13.5% Cumulative Redeemable Preference Shares of Rs. 100 (\$ 10.27) each	55.00	5.65	—	—
		243.95	25.05	169.74	17.43
Subscribed					
1,85,94,569	Equity Shares of Rs. 10 (\$ 1.03) each fully paid-up	185.95	19.09	166.74	17.12
30,000	11 % Cumulative Redeemable Preference Shares of Rs. 100 (\$ 10.27) each fully paid-up (Redeemable at any time after 16th March, 1990 but not later than 15th March, 1993)	3.00	0.31	3.00	0.31
5,50,000	13.5% Cumulative Redeemable Preference Shares of Rs. 100 (\$ 10.27) each fully paid-up (Redeemable at any time after 31st December, 1994 but not later than 31st December, 1997)	55.00	5.65	—	—
		243.95	25.05	169.74	17.43

Of the above:

- 45,23,359 Equity Shares were allotted as fully paid-up Bonus shares by capitalisation of Reserves,
 - 60,33,001 Equity Shares were allotted as fully paid-up pursuant to Schemes of Amalgamation without payment being received in cash.
 - 49,78,945 Equity Shares were allotted as fully paid-up shares on conversion of Debentures/Term loans.
 - 28,999 Equity Shares are reserved for allotment to certain shareholders of erstwhile The Sidhpur Mills Company limited (hereinafter referred as 'SMCL') pending decision of Gujarat High Court.
- The Company will be required to issue and allot additional 18,667 Equity Shares of Rs. 10 (\$ 1.03) each at a premium of Rs. 15 (\$ 1.54) per share to the shareholders of erstwhile 'SMCL' as Right Shares if the Bombay High Court so decides.

SCHEDULE FORMING PART OF THE BALANCE SHEET

(In million)

SCHEDULE 'B'	1982				1981			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
RESERVES & SURPLUS								
Capital Reserve								
As per last Balance Sheet	0.30	0.03			--	--		
Excess of Net Assets of The Sidhpur Mills Company Limited over the value of shares and Bonds reserved for allotment in terms of amalgamation	--	--			0.30	0.03		
Add: On forfeiture and reissue of Debentures during the year	<u>0.04</u>	<u>0.01</u>	0.34	0.04	<u>—</u>	<u>—</u>	0.30	0.03
Share Premium Account								
As per last Balance Sheet	55.53	5.71			--	--		
Add: Received during the year on:								
Issue of Right Equity Shares	0.01	--			35.71	3.67		
Conversion of Debentures	<u>28.80</u>	<u>2.95</u>	84.34	8.66	<u>19.82</u>	<u>2.04</u>	55.53	5.71
Development Rebate Reserve								
As per last Balance Sheet	9.37	0.96			8.41	0.86		
Add: Taken-over in terms of amalgamation	<u>--</u>	<u>--</u>			<u>0.96</u>	<u>0.10</u>		
	9.37	0.96			9.37	0.96		
Less: Transferred to General Reserve	<u>5.43</u>	<u>0.56</u>	3.94	0.40	<u>--</u>	<u>--</u>	9.37	0.96
Investment Allowance Reserve								
As per last Balance Sheet	66.02	6.78			44.00	4.52		
Less: Utilised for purchase of machinery during 1982 -Transferred to Investment Allowance (Utilised) Reserve.	<u>66.02</u>	<u>6.78</u>			<u>44.00</u>	<u>4.52</u>		
Add: Transferred from Profit & Loss Account	95.00	9.76			66.00	6.78		
Taken-over in terms of amalgamation	<u>--</u>	<u>--</u>	95.00	9.76	<u>0.02</u>	<u>--</u>	66.02	6.78
Investment Allowance (Utilised) Reserve								
As per last Balance Sheet	104.50	10.73			60.50	6.21		
Add: Transferred from Investment Allowance Reserve	<u>66.02</u>	<u>6.78</u>	170.52	17.51	<u>44.00</u>	<u>4.52</u>	104.50	10.73
General Reserve								
As per Last Balance Sheet	165.53	17.00			81.00	8.32		
Add: Amount transferred from Development Rebate Reserve	5.43	0.56			--	--		
Amount transferred from Profit & loss Account	<u>120.00</u>	<u>12.32</u>	290.96	29.88	<u>84.53</u>	<u>8.68</u>	165.53	17.00
Profit & Loss Account			26.30	2.70			--	--
			671.40	68.95			401.25	41.21

SCHEDULE FORMING PART OF THE BALANCE SHEET

(In million)

SCHEDULE 'C'		1982		1981	
		Rs.	\$	Rs.	\$
SECURED LOANS					
A. WORKING CAPITAL LOANS-					
From Banks					
			317.75	32.63	
					641.97
					65.93
B. WORKING CAPITAL TERM LOAN-					
From a Bank					
			12.97	1.33	
					16.91
					1.74
C. DEBENTURES -					
i) 3,500	11% Privately Placed Debentures of Rs. 1000 (\$ 102.70) each fully paid- Balance amount is redeemable at par in sixteen half-yearly instalments between 30th June, 1979 and 31st December, 1986	3.50	0.36	3.50	0.36
	Less: Converted/Redeemed	2.09	0.21	1.74	0.18
		<u>1.41</u>	<u>0.15</u>	<u>1.76</u>	<u>0.18</u>
ii) 5,500	11% Privately Placed Debentures of Rs. 1000 (\$ 102.70) each fully paid- Balance amount is redeem- able at par in sixteen half- yearly instalments between 20th February, 1981 and 20th August 1988	5.50	0.56	5.50	0.56
	Less: Converted/Redeemed	2.32	0.24	1.79	0.18
		<u>3.18</u>	<u>0.32</u>	<u>3.71</u>	<u>0.38</u>
iii) 140,000	11 % Convertible Mortgage Debentures of Rs. 500 (\$ 51.35) each fully paid (Series 1) in five annual instalments between 25th October, 1987 and 25th October 1991	70.00	7.19	70.00	7.19
	Less: Converted	13.94	1.43	13.94	1.43
		<u>56.06</u>	<u>5.76</u>	<u>56.06</u>	<u>5.76</u>
iv) 864,000	12% Convertible Mortgage Debentures of Rs. 125 (\$ 12.84) each fully paid (Series 11) Balance amount is redeemable at par in five annual instalments between 14th November, 1988 and 14th November, 1992	108.00	11.09	108.00	11.09
	Less: Converted	21.06	2.16	21.06	2.16
		<u>86.94</u>	<u>8.93</u>	<u>86.94</u>	<u>8.93</u>
Carried Forward			<u>330.72</u>	<u>33.96</u>	<u>658.88</u>
					<u>67.67</u>

Reliance
Textile Industries
Limited

(In million)

SCHEDULE 'C' (Cond.)

		1982				1981			
		Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
v)	1,920,000	Brought Forward		330.72	33.96			658.88	67.67
		13.5% Convertible Mortgage							
		Debentures of Rs. 125 (\$ 12.84)							
		each fully paid (Series 111)							
		Balance amount is redeemable							
		at par in four annual instalments							
		between 23rd June 1990 and							
		23rd June, 1993	240.00	24.65		240.00	24.65		
		Less: Converted	48.00	4.93		—	—		
			<u>192.00</u>	<u>119.72</u>		<u>240.00</u>	<u>24.65</u>		
vi)	4,000,000	13.5% Convertible Secured							
		debentures of Rs. 125							
		(\$ 12.84) each fully paid							
		(Series IV)	<u>500.00</u>	<u>51.35</u>		<u>—</u>	<u>—</u>		
				839.59	86.23			388.47	39.90
D. TERM LOANS									
1. From Banks									
(a)		Foreign Exchange loan in Euro							
		Dollars at Floating Rate.	155.14	15.93		150.49	15.45		
(b)		loan from State Bank of India New							
		York, Exim Bank U.S.A. line of							
		Credit, Private Export Funding							
		Corporation of U.S.A. and Sanva							
		Bank Ltd., Tokyo, Japan	314.70	32.32		—	—		
(c)		Rupee loans	<u>70.82</u>	<u>7.27</u>		<u>15.85</u>	<u>1.63</u>		
			<u>540.66</u>	<u>55.52</u>		<u>166.34</u>	<u>17.08</u>		
2. From Financial Institutions									
(a)		Foreign Currency loans	39.94	4.10		52.08	5.35		
(b)		Rupee loans	<u>31.48</u>	<u>3.23</u>		<u>38.06</u>	<u>3.91</u>		
			<u>71.42</u>	<u>7.33</u>		<u>90.14</u>	<u>9.26</u>		
3. From Others - lazard Brothers & Company limited, London									
			<u>52.05</u>	<u>5.35</u>		<u>58.51</u>	<u>6.01</u>		
				664.13	68.20			314.99	32.35
E. BRIDGE LOANS									
1. In Foreign Currencies									
(a)		From a Bank (Euro-Dollar loans)	1.90	0.20		118.23	12.14		
(b)		From a Financial Institution	<u>18.99</u>	<u>1.95</u>		<u>4.97</u>	<u>0.51</u>		
			<u>20.89</u>	<u>2.15</u>		<u>123.20</u>	<u>12.65</u>		
2. In Rupees									
		From Financial Institutions	<u>77.90</u>	<u>8.00</u>	98.79	10.15	—	123.20	12.65
F. DEFERRED PAYMENT LIABILITIES									
(a)		To Foreign Machinery Suppliers							
		(Guaranteed by Banks and a Financial							
		Institution)	102.69	10.55		4.98	0.51		
(b)		To Indigenous Machinery Suppliers							
		(Guaranteed by a Bank)	<u>—</u>	<u>—</u>		<u>0.10</u>	<u>0.01</u>		
				102.69	10.55			5.08	0.52
				2035.92	209.09				
						1490.62		153.09	

SCHEDULE 'C' (Contd.)

Notes:

Of the above:

1. Working Capital Loans are secured against pledge and/or hypothecation of, present and future, stock of raw materials, stock-in-process, finished goods, spares and stores, book debts, outstanding monies and receivable claims.
2. Working Capital Term Loan represents Working Capital facilities granted by Bank of Baroda to the Sidhpur Mills Company Ltd., (now amalgamated with the Company). In terms of the Scheme of Amalgamation, a portion of the said facilities to the extent not covered by securities for Working Capital loans is to be converted into Term loan, amount whereof is to be determined. Amount of the said Term loan is to be secured by charge on the Fixed Assets of Sidhpur Unit.
3. Debentures referred in C(i), C(iv) C(vi) and Term Loan from a financial institution to the extent of Rs. 5.15 (\$ 0.53) million included in D(2)(b) are secured by legal mortgage in English Form of the Fixed Assets situate at Naroda, subject to prior charges referred in Note Area) and 1. The Debentures referred in C(vi) to the extent of 20% of the nominal value of each Debenture shall be converted on 30th September 1983 into one Equity Share of Rs. 10 (\$ 1.03) each credited as fully paid at a Premium of Rs. 15 (\$ 1.54) per share. The balance value of Debenture after conversion shall be redeemable at par at the end of 15th June, 1994 with an option to the Company to repay these amounts in one or more instalments by drawing lots at any time after the end of 15th June, 1991.
4. Debentures referred in C(ii), C(iii), Term loans referred in D(2)(a) and (is) excluding Rs. 5.15 (\$ 0.53) million and Deferred Payment Liabilities referred in F(a) upto an amount of Rs. 3.56 (\$ 0.37) million are secured by joint Equitable Mortgage of immovable properties, present and future, by deposit of title deeds and hypothecation of, present and future, movable assets situate at Naroda. The charges shall rank, pari-passu, inter-se and with the charges referred in Note 3, 7(b) and 7(c) subject to prior charges referred in Note 6(a) and 1.
5. Debentures referred in C(V) are secured by legal mortgage in English Form of, present and future, fixed assets, movables, floating charge on current assets, uncalled capital and entire undertaking pertaining to Polyester Yarn Project situate at Patalganga. The said charge shall rank pari-passu, inter-se with the Term Loans referred in Note 6(b) and Bridge Loan referred in Note 7(a) and (e).
6. (a) Term loans referred in D(1)(a), D(1)(c) upto an amount of Rs. 10.73 (\$ 1.10) million and D(3) are guaranteed by a Bank which in turn are secured by hypothecation of specific items of plant and machinery by way of prior charge in their favour.
(b) Term loans referred in D(1)(b) (Guaranteed by some of the Directors in their personal capacity) and D(1)(c) upto an amount Rs. 46 (\$ 4.72) million are secured/to be secured by chargemortgage of immovable and movable properties, present and future, of Polyester Yarn Project situate at Patalganga.
(c) Term loans referred in D(1)(c) upto an amount of Rs. 14.48 (\$ 1.49) million are secured/to be secured by hypothecation of all movable machinery including all stock and spare parts, both present and future, of the Company's undertaking situate at Sidhpur. The charge shall rank, pari-passu, inter-se with the charges referred in Note 2 and 7(d).
7. (a) Bridge loan referred in Q1)(a) is secured by guarantee by some of the Directors in their personal capacity and upon conversion into term loan shall be secured in the manner referred in Note 6(b).
(b) Bridge Loan referred in E(1)(b) upto an amount of Rs. 6.46 (\$ 0.66) million is secured/to be secured by hypothecation of movable assets situate at Naroda subject to prior charges referred in note 6(a);
(c) Bridge loan referred in Q1)(b) upto an amount of Rs. 12.53 (\$ 1.29) million is to be secured by mortgage of all immovable properties and hypothecation of all movable properties both present and future, situate at Naroda and Surat, subject to prior charges referred in Note 6(a) and 1.
(d) Bridge loan referred in E(2) upto an amount of Rs. 23 (\$ 2.36) million are secured/to be secured by hypothecation of all movable assets save and except book debts both present and future, situate at Sidhpur.
(e) Bridge loan referred in E(2) upto an amount of Rs. 54 (\$ 5.55) million is secured against guarantee issued by Banks in favour of Unit Trust of India. The Bridge loan upon conversion into term loan shall be secured in the manner-referred in Note 6(b).
8. Deferred Payment liabilities referred in F(a) save and except Rs. 3.56 (\$ 0.37) million are to be secured by in the manner mentioned in Note 7(c).

SCHEDULE FORMING PART OF THE BALANCE SHEET

	(In million)			
SCHEDULE-'D'	1982		1981	
UNSECURED LOANS	Rs.	\$	Rs.	\$
Fixed Deposits	224.81	23.09	156.32	16.05
From Scheduled Banks				
Overdrawn balance in Current Accounts				
(As per Books of Accounts)	3.44	0.35	6.93	0.71
*35,000 10% 3 Year Bonds of Rs. 8 each (\$ 0.82) without payment being received in cash, pursuant to the Scheme of Amalgamation (Redeemable with interest on 28th August, 1984)	0.28	0.03	0.28	0.03
	228.53	23.47	163.53	16.79

Includes deposits of Rs. 76.36 7.84) million due within one year.

*Includes 9062 Bonds reserved for allotment to certain shareholders of the 'SMCL'

SCHEDULE FORMING PART OF THE BALANCE SHEET

(in million)

SCHEDULE 'E'
FIXED ASSETS

Nature of Fixed Assets		GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK	
		As at 1.1.82	Additions/ transfers	Deductions/ transfers	As at 31.12.82	Total upto 31.12.82	As at 31.12.82	As at 31.12.81
Goodwill	Rs.	12.62	—	—	12.62	—	12.62	12.62
	\$	1.30	—	—	1.30	—	1.30	1.30
leasehold land	Rs.	22.18	9.56	—	31.74 (a)	—	31.74	22.18
	\$	2.28	0.98	—	3.26	—	3.26	2.28
Freehold land	Rs.	1.15	—	—	1.15	—	1.15	1.15
	\$	0.12	—	—	0.12	—	0.12	0.12
Buildings	Rs.	148.24	183.95	—	332.19 (c)	8.26	323.93	142.39
	\$	15.23	18.89	—	34.12	0.85	33.27	14.62
Railway Siding	Rs.	0.05	—	—	0.05	0.01	0.04	0.05
	\$	0.01	—	—	0.01	—	0.01	0.01
Plant & Machinery	Rs.	1022.90	2020.73	0.68	3042.95 (d)	400.91	2642.04	757.83
	\$	105.05	207.53	0.07	312.51	41.17	271.34	77.83
Electric Installation	Rs.	28.93	25.97	—	54.90 (e)	3.51	51.39	26.52
	\$	2.97	2.67	—	5.64	0.36	5.28	2.72
Factory Equipments	Rs.	9.49	19.80	—	29.29	1.50	27.79	8.63
	\$	0.97	2.03	—	3.00	0.15	2.85	0.89
Furniture & Fixtures	Rs.	28.87	25.37	0.78	53.46 (f)	4.84	48.62	25.49
	\$	2.96	2.60	0.08	5.48	0.50	4.98	2.62
Vehicles	Rs.	7.21	1.73	0.21	8.73	1.97	6.76	5.76
	\$	0.74	0.18	0.02	0.90	0.20	0.70	0.59
Incidental expenditure awaiting allocation	Rs.	52.98	114.95	167.93	—	—	—	52.99
	\$	5.44	11.81	17.25	—	—	—	5.44
	Rs.	1334.62	2402.06	169.60	3567.08	421.00	3146.08	1055.61
	\$	137.07	246.69	17.42	366.34	43.24	323.10	108.41
Previous Year	Rs.	749.69	587.67	2.74	1334.62	279.01	1055.61	
	\$	76.99	60.35	0.28	137.06	28.65	108.41	

(a) includes leasehold land to the extent of Rs. 29.43 (53.02) million in respect of which lease Deeds are pending execution.

(b) No write-off has been made in respect of lease premium paid for leasehold land since the lease are granted for a long period.

(c) Includes (i) under construction Rs. 44.34 (\$4.55) million and (ii) cost of ownership premises in co-operative societies Rs. 0.40 (\$0.04) million.

(d) Includes (i) in-transit Rs. 32.19 (\$3.31) million and (ii) under installation Rs. 393.67 (\$40.43) million.

(e) Includes Rs. 0.42 (\$0.04) million under installation.

(f) Includes work in progress Rs. 3.89 (\$0.40) million.

(g) Depreciation is provided in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956. The Company has hitherto been providing depreciation for the full year on additions to fixed assets, even though assets were installed and commissioned for part of the year. However, in view of legal opinion, depreciation has been provided on the fixed assets installed during the year on pro-rata basis with reference to the period of use.

SCHEDULE FORMING PART OF THE BALANCE SHEET

(In million)

SCHEDULE 'F'		1982				1981			
INVESTMENTS (AT COST)		Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
Trade Investments-Unquoted									
6	Equity Shares of New Piece Goods Bazar Co. Ltd., of Rs. 1000 (\$102.70) each fully paid-up	17,000	1,745.90			17,000	1,745.90		
5	Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouses Society Ltd., of Rs. 200 (\$20.54) each, fully paid-up	1,000	102.70			1,000	102.70		
165	Shares of The Art Silk Co-operative Ltd., of Rs. 100 (\$10.27) each fully paid-up	16,500	1,694.55			16,500	1,694.55		
225	Shares of Crimpers Industrial Co-operative Society Ltd., of Rs. 100 (\$10.27) each, Rs. 25 (\$2.57) per share paid-up	5,625	577.69			5,625	577.69		
20	Shares of The Bombay Market Art Silk Co-operative (Shops & Warehouses) Society Ltd. of Rs. 200 (\$20.54) each, fully paid-up	<u>4,000</u>	<u>410.80</u>	44,125	4,531.64	<u>4,000</u>	<u>410.80</u>	44,125	4,531.64
Other Investments									
In Government Securities- Unquoted									
12	Years National Defence Savings Certificates-face value Rs. 3000 (\$ 308.10) (deposited with Post & Telegraph Department)	--	--			3,000	308.10		
7	Years National Savings Certificates-face value Rs. 79,100 (\$8,123.57) (deposited with Central Excise Collectorate)	<u>79,100</u>	<u>8,123.57</u>			<u>79,100</u>	<u>8,123.57</u>		
Quoted				79,100	8,123.57			82,100	8,431.67
3%	Conversion Loan of 1946-face value Rs. 47,000 (\$4,826.90) (deposited with Central Excise Collectorate)			28,000	2,875.60			28,000	2,875.60
In Shares-Quoted									
5,000	Equity Shares of Housing Development Finance Corporation of India Ltd., of Rs. 100 (\$10.27) each, fully paid-up	500,000	51,350.00			500,000	51,350.00		
1,000	Equity Shares of Air Control & Chemicals Engineering Co. Ltd., of Rs. 100 (\$10.27) each fully paid-up	<u>55,000</u>	<u>5,648.50</u>	555,000	56,998.50	<u>55,000</u>	<u>5,648.50</u>	555,000	56,998.50
In Debenture- Quoted									
1,666	14% Convertible Right Debenture of ICICI Ltd., of Rs. 300 (\$30.81) each fully paid up			499,800	51,329.46			--	--
				1,206,025	123,858.77			709,225	72,837.41

SCHEDULE FORMING PART OF THE BALANCE SHEET

(In million)

SCHEDULE 'F' (Contd.)

	1982				1981			
	BOOK VALUE		MARKET VALUE		BOOK VALUE		MARKET VALUE	
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
AGGREGATE VALUE OF								
Quoted Investments	1.08	0.11	1.02	0.10	0.58	0.06	0.55	0.06
Unquoted Investments	0.12	0.01	—	—	0.13	0.01	—	—

(in million)

SCHEDULE 'G' (Contd.)

	1982				1981			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
CURRENT ASSETS								
Inventories (at cost except otherwise stated) (Certified and valued by the Managing Director)								
Stores, Spares, Dyes, Chemicals	50.09	5.14			46.02	4.73		
Raw Materials	325.67	33.45			208.75	21.44		
Stock-in-transit	16.85	1.73			83.17	8.54		
Stock-in-process	321.36	33.00			209.84	21.55		
Finished Goods	335.06	34.41			264.37	27.15		
By-product (at realisable value)	0.44	0.05						
Others (include discarded machinery Rs. 0.72 (\$0.07) million at written down value and Building Materials Rs. 5.12 (\$0.53) million.	10.04	1.03	1059.51	108.81	15.78	1.62	827.93	85.03
Sundry Debtors (Unsecured)								
Over Six Months:								
Considered Good	49.74	5.11			30.86	3.17		
Considered Doubtful	1.24	0.13			1.48	0.15		
	50.98	5.24			32.34	3.32		
Less: Provision for doubtful debts	1.24	0.13			1.48	0.15		
	49.74	5.11			30.86	3.17		
Others, Considered good	596.19	61.23	645.93	66.34	520.67	53.47	551.53	56.64
Cash on hand 1.90 0.20 1.60 0.16								
Balance with Scheduled Banks:								
In current accounts (includes excess share and debenture application monies refundable Rs. 8.75 (\$0.90) million)	29.81	3.06			25.10	2.58		
In Fixed Deposit Accounts (includes Rs. 0.12 (\$ 0.01) million lodged with Central Excise Authorities and Rs. 2.51 (\$0.26) million endorsed in favour of the Bankers)	6.03	0.62	37.74	3.88	3.55	0.37	30.25	3.11
Cost of Import Entitlements (Under Export Promotion Scheme)			5.61	0.57			1.36	0.14
			1748.79	179.60			1411.07	144.92

SCHEDULE FORMING PART OF THE BALANCE SHEET

(In million)

SCHEDULE-`H'	1982		1981	
LOANS & ADVANCES	Rs.	\$	Rs.	\$
Unsecured Considered good				
Advances recoverable in Cash or in kind or for value to be received (including from officers Rs. 0.08 (\$ 0.01) million Maximum balance Rs. 0.09 (\$ 0.01) million)	*24.71	2.54	23.67	2.43
Advance against Capital Expenditure	113.68	11.67	117.58	12.08
Deposits (include Rs. 1.21 (\$ 0.12) million with a firm in which some of the Directors are interested a's partners).	**21.04	2.16	6.93	0.71
Prepaid Expenses	4.66	0.48	4.69	0.48
Balances with Customs, Central Excise Authorities etc.	2.45	0.25	1.56	0.16
	166.54	17.10	154.43	15.86

* Excluding Rs. 1.57 (\$ 0.16) million considered doubtful and provided for

** Excluding Rs. 0.03 (\$ 0.01) million considered doubtful and provided for

(in million)

SCHEDULE `I'	1982		1981	
CURRENT LIABILITIES & PROVISIONS	Rs.	\$	Rs.	\$
CURRENT LIABILITIES				
Sundry Deposits	16.68	1.71	14.22	1.46
Sundry Creditors	827.94	85.03	262.50	29.96
Unclaimed Dividends	0.97	0.10	0.16	0.02
Interest accrued but not due on loans	972.07	99.83	42.16	4.33
Excess Share and Debenture Application Monies refundable	8.74	0.90	18.73	1.92
		1826.40	187.57	337.77
				34.69
PROVISIONS				
Taxation	--	--	2.00	0.21
Gratuity and Superannuation Funds	4.08	0.42	8.56	0.88
Proposed Dividends	52.34	5.37	48.32	4.96
		56.42	5.79	58.88
				6.05
		1882.82	193.36	396.65
				40.74

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(in million)

SCHEDULE 'J'	1982				1981			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
OTHER INCOME								
Incentives, Assistance & Drawbacks on Exports received			4.78	0.49			17.64	1.81
Processing Charges			8.14	0.83			6.66	0.68
Refund of lease rent			—	—			2.54	0.26
Dividend (Gross):								
On Trade Investments Rs. 270 (\$27.73)	—	—			—	—		
(Tax at source Rs. 59 (\$6.06))								
On Other Investments								
(Tax at source Rs. 8349 (\$857.44))	0.04	0.01			0.03	0.01		
			0.04	0.01			0.03	0.01
Profit on sale/discard of Assets (Net)			—	—			0.02	—
Miscellaneous Income			12.19	1.25			9.48	0.97
			25.15	2.58			36.37	3.73

(in million)

SCHEDULE 'K'	1982				1981			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
OTHER INCOME								
Stock-in-trade (at close)								
Finished Goods	335.06	34.41			264.37	27.15		
Stock-in-process	321.36	33.00			209.84	21.55		
By-product	0.44	0.05			—	—		
Others	4.20	0.43			5.74	0.59		
			661.06	67.89			479.95	49.29
Stock-in-Trade (at commencement)								
Finished Goods	264.37	27.15			113.89	11.70		
Stock-in-process	209.84	21.55			133.22	13.68		
Others	5.74	0.59			2.66	0.27		
	479.95	49.29			249.77	25.65		
Taken-over from the Sidhpur Mills Company limited in terms of the scheme of amalgamation								
Finished Goods	—	—			3.33	0.34		
Stock-in-process	—	—			5.47	0.56		
			479.95	49.29			258.57	26.55
			181.11	18.60			221.38	22.74

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(in million)

SCHEDULE 'L'	1982				1981			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
MANUFACTURING & OTHER EXPENSES								
Raw Materials Consumed								
Stock at commencement	208.75	21.44			137.92	14.16		
Add: Value of Stock taken-over on amalgamation	--	--			1.77	0.18		
Purchases	2478.11	254.50			1829.77	187.92		
	2686.86	275.94			1969.46	202.26		
Less: Stock at close	325.67	33.45			208.75	21.44		
			2361.19	242.49			1760.71	180.82
Manufacturing Expenses								
Carriage Inward	7.58	0.78			6.78	0.70		
Stores & Spare Parts consumed	42.31	4.35			32.03	3.29		
Dyes & Chemicals	103.54	10.63			83.26	8.55		
Electric Power, Fuel & Water	110.60	11.36			91.71	9.42		
Machinery Repairs	4.27	0.44			3.88	0.40		
Building Repairs	2.49	0.25			3.31	0.34		
labour, Processing & Machinery Hire charges	47.73	4.90			46.91	4.82		
Excise Duty on Yarn	125.18	12.86			82.80	8.50		
			443.70	45.57			350.68	36.02
Payments to and Provision for Employees								
Salaries, Wages & Bonus	102.78	10.56			87.49	8.99		
Contribution to Provident Fund, Gratuity, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.	14.12	1.45			14.23	1.46		
Employees' Welfare and other amenities	12.68	1.30			7.52	0.77		
			129.58	13.31			109.24	11.22
Sales & Distribution Expenses								
Samples, Sales Promotion & Advertisement Expenses	52.83	5.42			38.92	4.00		
Brokerage & Commission	25.76	2.64			19.01	1.95		
Export Expenses	0.26	0.03			1.84	0.19		
Packing Expense's	64.05	6.58			55.29	5.68		
Warehousing charges	1.37	0.14			0.74	0.07		
Freight & forwarding charges	13.62	1.40			17.24	1.77		
			157.89	16.21			133.04	13.66
Establishment Expenses								
Insurance	4.72	0.49			3.23	0.33		
Rent	3.80	0.39			3.09	0.32		
Rates & Taxes	0.63	0.07			0.80	0.08		
Other Repairs	1.92	0.20			1.67	0.17		
Travelling Expenses (including Rs. 0.34 (\$0.04) million for Directors)	4.87	0.50			4.91	0.50		
Carried Forward	15.94	1.65	3092.36	317.58	13.70	1.40	2353.67	241.72

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(in million)

SCHEDULE 'L' (Contd.)	1982				1981			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
Brought Forward	15.94	1.65	3092.36	317.58	13.70	1.40	2353.67	241.72
Payment to Auditors	0.53	0.05			0.47	0.05		
Directors' Fees	0.01	—			0.01	—		
Liquidators Remuneration	0.01	—			0.12	0.01		
General Expenses	40.82	4.19			31.32	3.22		
loss on sale of discard of assets (Net)	0.01	—			—	—		
Loss on sale of investment	—	—			0.01	—		
Provision for doubtful recoveries	1.31	0.14			0.27	0.03		
Charity & Donation	1.09	0.11			0.95	0.10		
Issue Expenses -Debentures IV Series (To the extent of funds borrowed for Working capital)	1.88	0.19			—	—		
			61.60	6.33			46.85	4.81
			3153.96	323.91			2400.52	246.53

(In million)

SCHEDULE-'M'	1982		1981	
	Rs.	\$	Rs.	\$
INTEREST				
Debentures	30.26	3.11	19.88	2.04
Fixed loans	71.63	7.35	52.24	5.36
Others (Net)	87.41	8.98	95.77	9.84
	189.30	19.44	167.89	17.24

SCHEDULE 'N'

NOTES AND CONTINGENT LIABILITIES

1. The previous year's figures have been regrouped wherever necessary. The figures for the previous year in Profit and loss Account include the figures of 'SMCL' which was amalgamated with the Company for the period from the date of amalgamation i.e. 31st January, 1979 and therefore are not comparable with those of the current year.
2. The Company is accounting the following on cash basis.
 - (a) Export Incentives and other claims
 - (b) Drawback on return of cops
 - (c) Interest on investments
3. No provision for taxation has been made in the absence of any taxable income under the Income-Tax Act 1961.
4. Interest-Others (Net) is arrived at after deducting Rs. 41.95 (\$4.31) million (Tax at source Rs. 0.15 (\$0.02) million) being interest received/receivable.
5.
 - (a) Foreign Currency loans in respect of Naroda Unit availed of during the year have been accounted for in terms of Indian Rupees at the exchange rates prevailing as on the last day of the year.
 - (b) Foreign Currency Loans in respect of Polyester Yarn Project availed of till 31st October, 1982 (the date of completion of the Project) have been accounted for in terms of Indian Rupees at the exchange rates prevailing as on the said date.

Difference on account of fluctuations in exchange rate on repayment of instalments of earlier foreign currency loans have been charged to Profit & loss Account.
6. The figure of 'Sales' has been arrived at after adjusting:

		(In million)			
		1982		1981	
		Rs.	\$	Rs.	\$
1.	Excise Duty	94.05	9.66	70.64	7.25
2.	Sales Tax	52.99	5.44	35.00	3.59
7.	AUDITORS' REMUNERATION				
I	Statutory Auditors				
	(a) Audit Fees	0.35	0.04	0.25	0.03
	(b) For certification and consultation in finance matters	0.13	0.01	0.10	0.01
	(c) Out-of-pocket expenses	0.05	0.01	0.11	0.01
		<u>0.53</u>	<u>0.06</u>	<u>0.46</u>	<u>0.05</u>
	(d) For Report and Certification work in connection with issue of Right Shares and Debentures	--	--	0.11	0.01
II	Cost Auditors				
	Audit Fees	0.01	--	0.01	--
8.	Sundry Creditors include:				
	(a) For capital expenditure	78.34	8.05	39.81	4.09
	(b) Fixed Deposits matured but unclaimed and unpaid	0.63	0.06	0.72	0.07

SCHEDULE 'N' (Contd.)

9. The statement of accounts from the Official Liquidator of 'SMCL' from 1st January, 1981 to 31st December, 1982 has not been received till date. However, the Company carried out an inspection of the books of accounts of the liquidator and obtained details of receipts and payments made by him and has incorporated the same in the accounts. Necessary adjustments, if any, would be made upon receipt of final statement of accounts.
10. Bank of Baroda, the Bankers of 'SMCL' have charged interest to the extent of Rs. 6.40 (\$0.66) million from 12th January, 1979 to 30th June, 1981 which in the opinion of the Company is not in consonance with the Scheme of Amalgamation and hence not payable. Therefore, no provision thereof has been made in the accounts. The matter is under negotiation and adjustments, if any, will be made in the accounts as and when it is finally settled.
11. In view of subsequent clarification received in regard to the effective date of amalgamation of 'SMCL' with the Company by the appropriate authorities as 1st July, 1981 instead of 29th August, 1981, short provision of Rs. 0.06 (\$0.01) million on account of dividend for 1981 and of Rs. 0.70 (\$0.07) million on account of interest pertaining to last year has been made good in the accounts for the current year.
12. Sundry Debtors over six months considered good includes Rs. 7.31 (\$0.75) million due from Zambian buyers. The parties have made payment in the local currencies to their Bankers. However, due to local problems in Zambia, externalisation of proceeds is delayed.
13. There has been a change in the mode of computation of depreciation in the current year as referred to in Note (g) of Schedule 'E'. Had depreciation for the year been provided on the same basis as in the previous year, the depreciation charged in the Profit & Loss Account would have been higher by Rs. 163.36 (\$16.78) million.
14. The Company until last year used to capitalise interest on long term loans/debentures/deferred payment arrangements obtained for procuring fixed assets till the date of commissioning of the assets. In the current year, the Company has capitalised:
- Interest for the entire contracted period of such loans availed of for acquisition of fixed assets of Polyester Yarn Project at Patalganga.
 - Interest for the entire contracted period of loans availed of during the current year for acquisition of fixed assets of the Naroda Unit at Ahmedabad.
- on the following assumptions:
- interest accrues at the time of availment of the loan till the date of repayment of the said loan
 - all loans shall be repaid on due dates, and
 - for Euro-Currency Loans procured on fluctuating rates of interest based on LIBOR, the rate of interest will be (a) the rate prevailing on 31st December, 1982 in respect of Naroda Unit at Ahmedabad and (b) the rate prevailing on 31st October, 1982 in respect of Polyester Yarn Project at Patalganga.

As a result of the above change in the method of accounting, the charge to the Profit & Loss Account on account of depreciation is higher by Rs. 10.08 (\$1.04) million and on account of interest is lower by Rs. 18.32 (\$1.88) million.

	(in million)									
	1.1.82 to 31.10.82				Upto 31.12.81				Total	
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
15. Pre-operative expenses in respect of Polyester Yarn Project upto 31st October, 1982 capitalised by allocating to Buildings, Plant and Machinery:										
Salaries, Wages and Bonus			3.36	0.34			1.16	0.12	4.52	0.46
Contribution to Provident Fund, Gratuity, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc.			0.40	0.04			0.14	0.01	0.54	0.05
Carried forward			3.76	0.38			1.30	0.13	5.06	0.51

(in million)

SCHEDULE 'N' (Contd.)

	1.1.82 to 31.10.82				Upto 31.12.81				Total	
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
Brought forward			3.76	0.38		1.30	0.13		5.06	0.51
Employees' Welfare and other amenities			2.87	0.29		0.37	0.04		3.24	0.33
Insurance			0.11	0.01		—	—		0.11	0.01
Rent			—	—		0.35	0.04		0.35	0.04
Rates and Taxes			—	—		—	—		0.01	0.01
Other Repairs			0.15	0.01		—	—		0.15	0.01
Travelling expenses			0.43	0.05		1.01	0.10		1.44	0.15
General expenses			21.11	2.17		5.14	0.53		26.25	2.70
Raw Material consumed (during trial run)			12.08	1.24		—	—		12.08	1.24
Labour charges			1.27	0.13		—	—		1.27	0.13
Electric Power, Fuel & Water			7.45	0.77		—	—		7.45	0.77
Equity Share and Debenture Issue expenses			1.64	0.17		20.64	2.12		22.28	2.29
Interest : Debentures	25.72	2.64			17.93	1.84				
Fixed loans	37.09	3.81			—	—				
Others	0.64	0.07			7.57	0.78				
			63.45	6.52		25.50	2.62		88.95	9.14
Depreciation			0.63	0.07		0.16	0.01		0.79	0.08
			114.95	11.81		54.48	5.59		169.43	17.40
Less: Miscellaneous Income			—	—		1.50	0.15		1.50	0.15
Less: Capitalised by allocating to Buildings Plant & Machinery			114.95	11.81		52.98	5.44		167.93	17.25
									167.93	17.25
									Nil	NIL

16. (a) The Company has been advised that the computation of net profit (for the purpose of calculation of Directors remuneration under section 349 of the Companies Act, 1956) need not be enumerated since no comission has been paid to the Directors and only remuneration has been paid to the Directors as per approve of the Central Government received under section 198 and section 309 of the Companies Act, 1956.

SCHEDULE-'M'

	1982		1981	
	Rs.	\$	Rs.	\$
(b) Managing and Joint Managing Directors' remuneration				
i) Salaries	108,000	11,091.60	108,000	11,091.60
ii) Contribution to Provident Fund & Superannuation Fund	27,000	2,772.90	27,000	2,772.90
iii) Provision for Gratuity (as per actuarial valuation)	6,730	691.17	6,140	600.58
iv) Perquisites	69,712	7,159.42	62,848	6454.49
(c) Executive Directors' Remuneration				
i) Salaries	177,686	18,248.35	165,033	16,968.89
ii) Contribution to Provident Fund & Superannuation Fund	44,422	4,562.14	41,259	4,267.30
iii) Provision for Gratuity (as per actuarial valuation)	9,010	925.33	7,960	87.49
iv) Perquisites	130,811	13,434.29	112,828	11,587.44

(In million)

SCHEDULE-`N' (Contd.)

	1982		1981	
	Rs.	\$	Rs.	\$
17. CONTINGENT LIABILITIES				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Advances paid Rs. 113.67 (\$11.67) million. Previous year Rs. 117.58 (\$12.08) million)	479.38	49.23	641.58	65.89
(b) Outstanding guarantees furnished by State Bank of India on behalf of the Company (secured by hypothecation of specific items of machinery by way of prior charge relating to Polyester Yarn Project and ranking, pari-passu, with the charges referred in Note No.5 to Schedule 'C')	7.82	0.80	11.63	1.19
(c) Other outstanding guarantees furnished by Bankers	18.29	1.88	24.69	2.54
(d) Bonds executed in favour of Excise and Customs Authorities	375.95	38.61	471.91	48.47
(e) Uncalled liability on partly paid shares	0.02	—	0.02	—
(f) Claims against the Company not acknowledged as debts	2.18	0.22	1.02	0.11
(g) Export bills discounted against irrevocable Letters of Credit	0.66	0.07	69.81	7.17
(h) indemnities towards Export obligations against capital goods imports	8.65	0.89	2.50	0.26
18. (a) Licenced Capacity		Unit	1982	1981
Polyester Yarn		M.T.	10,000	10,000
(Based on average Denier of 40)		Nos.	50,868	50,868
Spindles		Nos.	940	940
looms				
Knitting Machines		Nos.	22	22
(As per Textile Commissioner's Permit)				
(b) Installed Capacity (As certified by the Management)				
Polyester Yarn		M.T.	10,000	Under
(Based on average Denier of 40)				Impleme-
				ntation
Spindles		Nos.	50,862	50,862
looms		Nos.	940	940
Knitting Machines		Nos.	22	22
Crimping and Twisting Machines		Nos.	200	130
19. PRODUCTION				
Yarn (Crimped, Twisted, Cotton, Blended, Worsted, POY etc.)		Kgs.	15.75	12.33
Fabrics		Mtrs.	49.89	47.71
Methanol (By-product)		Kgs.	1.04	—

(In million)

	1982		1981	
	Rs.	\$	Rs.	\$
20. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF				
(Based on retirement of documents)				
i) Raw Materials	193.32	19.85	272.64	28.00
ii) Dyes and Chemicals and Stores-and Spare Parts	11.37	1.17	7.80	0.80

(In million)

SCHEDULE 'N' (Contd.)

	1982		1981	
	Rs.	\$	Rs.	\$
20. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF				
iii) Capital Goods	365.84	37.57	206.32	21.19
iv) Others	0.29	0.03	--	--
21. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF				
Interest on Foreign Currency loans (including interest on				
Loans for future period Rs. 206.61 (\$21.22) million	234.03	24.04	40.93	4.20
Other matters (including commitment charges Rs.0.81				
(\$0.08) million on foreign currency loans-Previous year	3.39	0.35	4.77	0.49
Rs. 0.61 (\$0.06) million.				
Technical Know-how and Engineering Fees (Net of taxes),	45.95	4.72	--	--
Erection Assistance Fees (Net of taxes)	16.46	1.69	--	--

22. QUANTITATIVE INFORMATION IN RESPECT OF OPENING
STOCK, CLOSING STOCK, PURCHASES, SALES AND
CONSUMPTION OF RAW MATERIALS

(in million)

			1982		1981		
			Qty	Rs.	Qty	Rs.	\$
(a) Opening Stock:	Unit						
Yarn	Kgs.	1.59	114.71	11.78	0.32	26.34	2.71
Fabrics	Mtrs.	6.29	155.31	15.95	4.03	90.14	9.26
Stock-in-process (fabrics)	Mtrs.	10.44	172.58	17.72	6.65	103.59	10.64
Stock-in-process (Yarn)	Kgs.	0.26	37.26	3.83	0.20	29.63	3.04
Others	Kgs.	--	0.10	0.01	0.02	0.07	0.01
(b) Taken-over from the Sidhpur Mills Co. Ltd.							
on amalgamation:							
Fabrics	Mtrs.	--	--	--	0.80	3.33	0.34
Stock-in-process (Fabrics)	Mtrs.	--	--	--	1.28	4.63	0.48
Stock-in-process (Yarn)	Kgs.	--	--	--	0.04	0.84	0.09
(c) Closing Stock:							
Yarn	Kgs.	1.72	165.65	17.01	1.59	114.71	11.78
Fabrics	Mtrs.	4.92	173.56	17.83	6.29	155.31	15.95
Stock-in-process (Fabrics)	Mtrs.	8.59	226.84	23.30	10.44	172.58	17.72
Stock-in-process (Yarn)	Kgs.	1.35	94.53	9.71	0.26	37.26	3.83
Methanol (By-product)	Kgs.	0.07	0.44	0.05	--	--	--
Others	Kgs.	0.01	0.06	0.01	0.01	0.10	0.01
(d) Purchases:							
Yarn	Kgs.	1.12	175.53	18.03	1.20	184.44	18.94
Fabrics	Mtrs.	11.79	148.50	15.25	13.08	136.53	14.02
Fibre	Kgs.	0.09	1.92	0.20	0.11	7.17	0.74
Sea Foods	Kgs.	3.10	166.70	17.12	1.55	67.02	6.88
Sundries	--	--	0.33	0.03	--	0.02	--
(e) Sales:							
Yarn (Crimped, Twisted, Cotton, Blended & POY)	Kgs.	11.84	1921.59	197.35	8.50	1426.93	146.55
Fabrics	Mtrs.	63.05	1966.81	201.99	59.32	1514.75	155.56
Fibre	Kgs.	0.09	1.76	0.18	0.11	7.85	0.81
Sea Foods	Kgs.	3.10	166.70	17.12	1.55	67.02	6.88
Methanol (By-product)	Kgs.	0.97	6.14	0.63	--	--	--
Sundries	--	--	0.33	0.03	--	0.02	--

(in million)

SCHEDULE 'N' (Contd.)

			1982			1981		
(f) Raw Materials Consumed:	Unit	Qty	Rs.	\$	Qty	Rs.	\$	
Yarn	Kgs.	12.94	1976.13	202.95	12.50	1414.41	145.26	
Fabrics (Grey)	Mtrs.	10.48	200.21	20.56	11.77	245.63	25.23	
Fibre	Kgs.	1.50	115.05	11.82	1.18	87.04	8.94	
Cotton	Kgs.	0.61	8.33	0.86	0.93	13.63	1.40	
D.M.T.	Kgs.	2.87	46.99	4.83	—	—	—	
M.E.G.	Kgs.	1.09	14.48	1.49	—	—	—	

(in million)

	1982			1981		
	Rs.	\$	% of total consumption	Rs.	\$	% of total consumption
23. VALUE OF RAW MATERIALS CONSUMED						
Imported (including import duty						
Rs. 1158.25 (\$118.95) million	1509.86	155.06	63.94	1020.23	104.78	57.94
Indigenous	851.33	87.43	36.06	740.47	76.05	42.06
	<u>2361.19</u>	<u>242.49</u>	<u>100.00</u>	<u>1760.70</u>	<u>180.83</u>	<u>100.00</u>
24. VALUE OF DYES AND CHEMICALS, STORES						
AND SPARE PARTS CONSUMED						
Imported	23.49	2.41	16.11	12.95	1.33	11.23
Indigenous	122.35	12.57	83.89	102.34	10.51	88.77
	<u>145.84</u>	<u>14.98</u>	<u>100.00</u>	<u>115.29</u>	<u>11.84</u>	<u>100.00</u>

(in million)

	1982		1981	
	Rs.	\$	Rs.	\$
25. EARNINGS IN FOREIGN EXCHANGE				
Export of goods on F.O.B. basis	183.97	18.89	121.95	12.52
Interest	1.01	0.10	4.26	0.44
Technical Know-how fees	0.05	0.01	0.46	0.05
26. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND	Nil	NIL	Nil	NIL
27. (a) Break-up of expenditure incurred on employees, who were employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs. 36,000 (\$3697.20) per annum:				
Number of employees	219		161	
Salaries & Bonus	8.21	0.84	6.16	0.63
Contribution to Provident Fund & Superannuation Fund	1.84	0.19	1.38	0.14
Other Perquisites	3.19	0.33	2.29	0.24

(in million)

SCHEDULE 'N' (Contd.)

	1982		1981	
	Rs.	\$	Rs.	\$
(b) Break-up of expenditure incurred on employees who were employed for a part of the year and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs. 3,000 (\$308.10) per month:				
Number of employees	48		35	
Salaries and Bonus	1.06	0.11	0.60	0.06
Contribution to Provident Fund & Superannuation Fund	0.24	0.03	0.11	0.01
Other Perquisites	0.43	0.04	0.18	0.02

As per our Report of even date
For RAJENDRA & CO.
Chartered Accountants

R.J. SHAH
Proprietor

For CHATURVEDI & SHAH
Chartered Accountants

D. CHATURVEDI
Partner

V.M. AMBANI
Secretary

D.H. AMBANI
R.H. AMBANI

Chairman & Managing Director
Joint Managing Director

K. GOPAL RAO
J.R. SHAH
M.L. BHAKTA
K.S. SHENOY
A.J. ADVANI
T. RAMESH U. PAI

Directors

N.H. AMBANI
R.L. MESWANI
M.D. AMBANI

Executive Directors

BOMBAY
Dated : 12th April, 1993.

AUDITORS' REPORT

To

THE MEMBERS OF RELIANCE TEXTILE INDUSTRIES LIMITED

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED, as at 31st December, 1982 and also the annexed Profit & Loss Account of the Company for the year ended on that date. We report that:-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us, the Accounts, read with the notes thereon and subject to Note No. 9 regarding non-receipt of Liquidator's Statement of Account, Note No. 10 regarding non-provision of interest, Note No 13 regarding change in mode of computation of depreciation and Note No. 14 regarding capitalisation of interest, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1982; and
 - ii) in the case of the Profit and Loss Account of the 'Profit' for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1975 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets except furniture and fixtures and factory equipments in respect of which proper records are maintained from 1-1-1980 onwards. We are informed that records for earlier years in respect of the furniture and fixtures and factory equipments are under compilation. All the fixed assets have been physically verified by the Management during the year and no serious discrepancies were noticed on such verification as compared with the available records.
2. None of the Fixed Assets have been revalued during the year.
3. Physical verification was conducted by the Management at reasonable intervals during the year in respect of finished goods, stores, spare parts and raw materials save and except goods lying with third parties. The discrepancies noticed on such verification as compared with the book records were not significant and the same have been properly dealt with in the Books of Account. The valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
4. The Company has not taken any loans from Companies, Firms or other parties listed in the registers maintained under Section 301 and 370(1-C) of the Companies Act, 1956.
5. Loans and Advances in the nature of loans have been given to the employees free of interest. The employees are repaying principal amount as stipulated except in some of the cases for which, we are informed necessary steps are being taken by

the Company for the recovery thereof.

6. On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipments and other assets.
7. There are no purchases during the year of stores, raw materials or components from the Firms or Companies or other parties in which Directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has no subsidiaries.
8. As explained to us, the Company has a regular procedure for the determination of unserviceable damaged stores and raw materials. Adequate provision has been made in the account for the loss arising on the items so determined.
9. In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 58-A of the Companies Act, 1956 and the Rules made thereunder, with regard to Fixed Deposits accepted from the Public.
10. In our opinion, the Company has maintained reasonable records for the sale and disposal of by-products and realise scrap wherever significant.
11. The Company has an internal audit system commensurate with the size and nature of its business.
12. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the manufacturing activities of the Company carried on at its Sidhpur and Patalganga Units for which prescribed accounts and records have prima facie been maintained. We have not, however, made a detailed examination of the same.
13. Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
14. In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at end of the year. Therefore, no provision for any loss is required to be made in the accounts.
15. In respect of processing activities there is a reasonable system of authorisation at proper levels with necessary controls on the issue of stores and the allocation of stores and man-hours to specific jobs and there is a system of internal control commensurate with the size of the Company and the nature of its business.

For RAJENDRA & CO.
Chartered Accountants
R.J. Shah
Proprietor

FOR CHATURVEDI & SHAH
Chartered Accountants
D. Chaturvedi
Partner

Bombay
Dated: 12th April, 1983